

Message Text

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PAGE 01 STATE 210683
ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00
INRE-00 SP-02 AID-05 EB-08 SS-15 STR-04 OMB-01
CEA-01 L-03 H-01 PRS-01 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /074 R

DRAFTED BY TREAS:PO'CONNELL
APPROVED BY EUR/WE/EMROWELL
TREAS:FLWIDMAN
TREAS:AMSOLOMON
EB/IFD/OMA/JWIDER (SUBS)
S/S-LRFLEISCHER
EB/IFD/OMA/JWINDER (SUBS)
-----054563 021537Z /53
O 021501Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 210683

E.O. 11652: GDS

TAGS: EFIN, PO

SUBJECT: PORTUGUESE REPAYMENT OF ESF LOAN

1. U.S. RECOMMENDS THAT NO REPEAT NO PRESS RELEASE BE
ISSUED UNTIL PORTUGAL IS PREPARED TO ANNOUNCE SALES OF
GOLD IN THE MARKET. WHILE U.S. APPRECIATES PORTUGUESE
SENSITIVITY TOWARDS ACKNOWLEDGING GOLD SALES, TREASURY IS
UNABLE TO AGREE TO PROPOSED PRESS RELEASE WHICH PRESENTS
ANCILLARY AGREEMENT NO. 3 AS GOLD COLLATERAL LOAN, IMPLIES
THAT PORTUGUESE GOLD RESERVES DECLINED AS RESULT OF U.S.
ACTION OR IMPLIES THAT U.S. HAS 'TAKEN OVER' GOLD
COLLATERAL. U.S. HAS ALREADY PROVIDED CONGRESS WITH
DETAILS OF AGREEMENT WHICH CLEARLY SHOW THAT AGREEMENT
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PAGE 02 STATE 210683

REPRESENTED RECIPROCAL DEPOSITS, AND HAVE ASSURED CONGRESS
THAT U.S. IS NOT ENGAGED IN 'GOLD COLLATERAL' LOANS.

2. IF PORTUGUESE INSIST ON RELEASE, WE SUGGEST TEXT BE
REVISED TO READ AS FOLLOWS:

BEGIN QUOTE.

ACCORDING TO A COMMUNICATION DATED FEBRUARY 11, 1977, ISSUED BY THE PRIME MINISTER'S CABINET AND PUBLISHED BY THE PORTUGUESE PRESS, THE UNITED STATES TREASURY GRANTED IN FEBRUARY SHORT TERM CREDIT FACILITIES TO THE BANCO DE PORTUGAL OF 300 MILLION DOLLARS THROUGH THE U.S. TREASURY EXCHANGE STABILIZATION FUND, IN THE CONTEXT OF A PROGRAM OF BALANCE OF PAYMENTS ASSISTANCE FOR PORTUGAL.

PART OF THE FINANCING, IN THE AMOUNT OF 85 MILLION DOLLARS REPRESENTED ADVANCES RELATING TO CREDIT FACILITIES TO BE EXTENDED BY THE INTERNATIONAL MONETARY FUND; THIS PART WAS REPAID FOLLOWING DATES OF UTILIZATION OF SUCH CREDIT FACILITIES. THE BALANCE DRAWN WAS IN THE FORM OF RECIPROCAL DEPOSITS OF GOLD BETWEEN THE BANCO DE PORTUGAL AND THE ESF. UPON MATURITY ON SEPTEMBER 1, 1977, THESE DEPOSITS WERE REVERSED.

END QUOTE.

3. PLEASE ADVISE. CHRISTOPHER

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NNN

Message Attributes

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Concepts: LOANS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation History:
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1066269
Secure: OPEN
Status: NATIVE
Subject: PORTUGUESE REPAYMENT OF ESF LOAN
TAGS: EFIN, PO
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